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Ireland's Third Farm Plan

Japan Pioneers an Import Technique

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This Week's Cover:
Harvesttime in Dublin County, Ireland. Article on Ireland's Third Agricultural Plan appears on page 12.

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Japan Pioneers An Agricultural Import Technique

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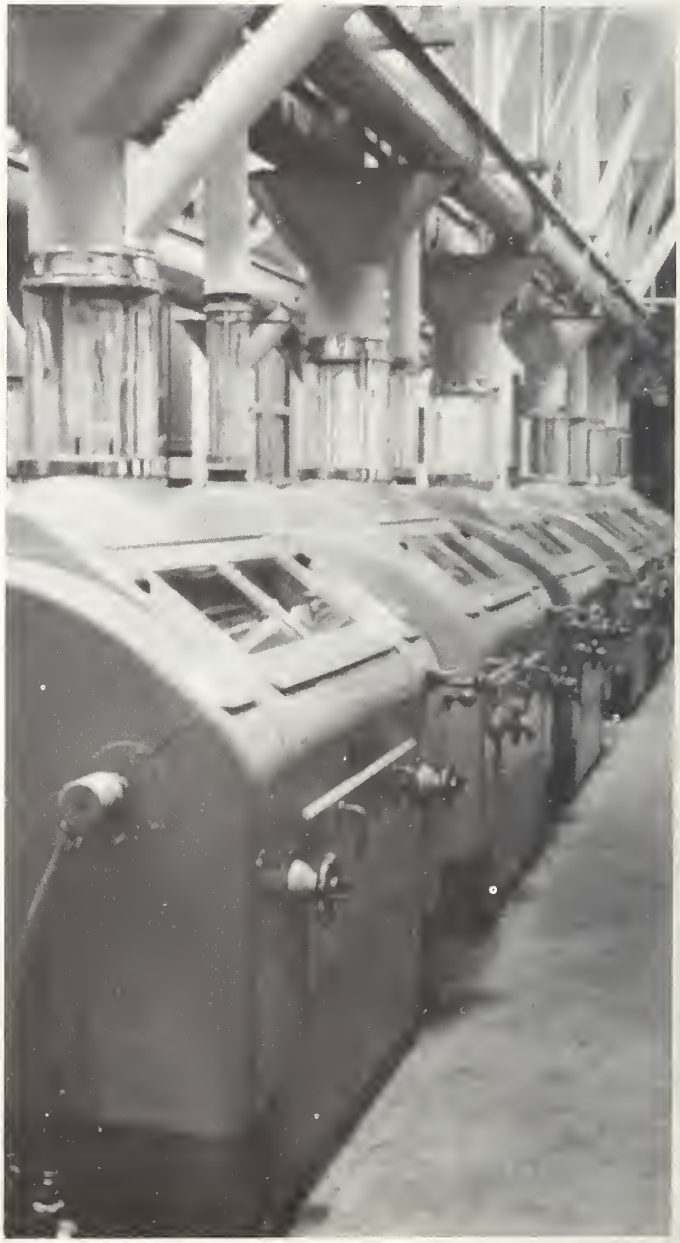


Japan's new "food and feed combines" are revolutionizing the handling and processing of imported agricultural goods in the country. Scattered harbor, storage, and primary and secondary processing facilities are coalescing into giant waterfront industrial complexes that integrate ship-to-retail store operations into one smoothly flowing supply line. The difference in efficiency between old and new methods is like that between a hand shovel and a bulldozer.

The 15 food and feed combines either already operating or now under construction in Japan are situated at deepwater harbors and are specifically designed to rapidly offload ships carrying large quantities of imported wheat, soybeans, corn, grain sorghum, barley, alfalfa pellets, sugar, and other agricultural raw materials. Storage capacities of different combines are 50,000 to 100,000 metric tons. Most have 5 to 25 or more firms operating together to handle, store, and process or semiprocess raw materials. The primary processing facilities included are usually flour mills, sugar refineries, oilseed crushing mills, and starch plants. Primary products (soybean oil, soybean cake and meal, wheat flour, sugar, corn starch) are either sold or further processed within the combine into secondary products such as commercial mixed feeds for farm animals, pet foods, margarine, cooking and salad oil, mayonnaise, bread and bakery items, noodles, and spaghetti and macaroni.

Government plans and actions

The great leap forward in handling and processing that food and feed combines represent in Japan is sorely needed. At present retail food prices in Japan are among the highest in the world, and they are steadily going up. Government economic planners for some time have been convinced that the existing tangled complexity of food processing and distribution is not only a drag on the overall economic growth of Japan but is also much to blame for high prices.

Partly because of the dual Western and Japanese diet pattern in the country, much food processing is still done by many small, often inefficient, cottage industries that have limited output and overlapping and poorly organized distribution systems. According to Japan's Ministry of Agriculture and Forestry, almost 100,000 manufacturers of food and related products exist in Japan—one manufacturer for each 1,000 people. Only 50 of the 100,000 firms have more than 1,000 employees, and only 1,000 firms have more than 100 workers. The majority, about 60,000, employ three people or fewer; many firms are one-man operations.

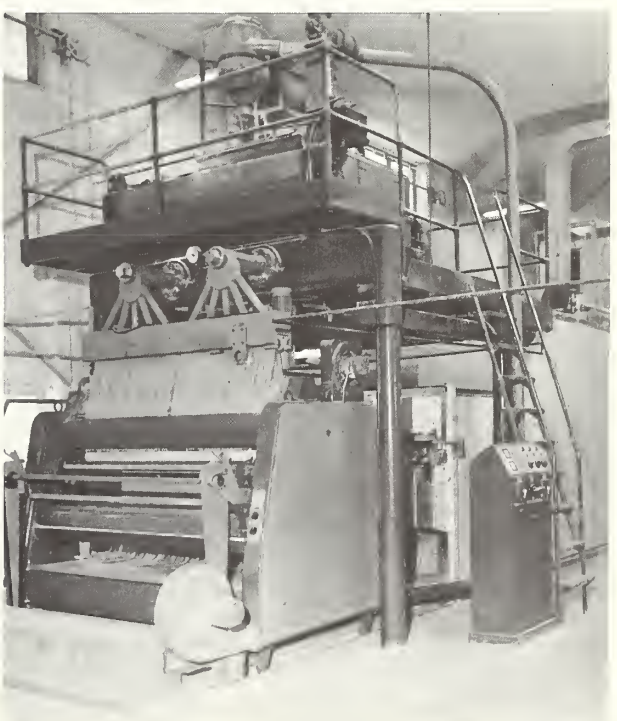
Japanese economists believe that food and feed combines are the best antidote to the country's food-processing and distribution problems. Government agencies are taking positive steps to encourage their formation by offering them favorable tax treatment, granting long-term, low-interest loans, using public funds to revamp and expand port facilities, and, perhaps most important of all, giving considerable administrative guidance at both the national and prefectural levels.

Another powerful incentive to government encouragement of food and feed combines is the fear that most of Japan's food processors, especially the small operators, will not be able to compete with large foreign firms if and when the foreign firms are allowed to invest in and set up food-processing facilities in Japan. International pressure has been great on the Japanese Government to relax the present rules on foreign capital investment in the country.

Incentives and necessities

Perhaps no other highly industrialized nation besides Japan has the combination of factors that make the development of food and feed combines both highly desirable and relatively easy to accomplish. First, Japan imports very large amounts of wheat, oilseeds and other oil-bearing materials, feedgrains, and sugar. Such commodities must be handled efficiently in bulk if their price to consumers is to be held down. Second, Japan's population is chiefly along the coasts and is especially

Steps in processing wheat at the Funabashi Combine near Tokyo and some end products. To the left, a row of graduated wheat-break and reduction rollers through which wheat passes on the processing route. Below, a battery of multilayer flour sifters to separate and grade flour particles. Right, granular flour milled from hard wheats is made into spaghetti. Below, bagged flour ready for retail distribution.



Into and out of a combine. Above, fast discharge of wheat from large ship into combine; left, corn starch being transferred to waiting trucks to leave combine.

concentrated around major ports. Therefore, ports are not only the logical starting distribution points for raw materials but also for manufactured goods. Third, Japan has a large number of deepwater harbors that can accommodate big ships, and many of these harbors have been recently improved in such a way as to provide excellent sites for the physical structures involved in large-scale food processing.

Less tangible factors are also important. One is the conviction of the Japanese Government, mentioned above, that food-processing industries must be modernized to keep down retail prices and that both food and feed industries must be made industrially competitive with foreign firms. Another is the pragmatic manner in which competitive companies are able to cooperate with each other under government guidelines when it appears to be for the common good.

How to build a combine

The first physical necessity for a food and feed combine is a location with plenty of flat land and frontage on deepwater harbor facilities. All 15 of the combines now functioning or under construction are located on coastal land reclaimed by prefectural governments in cooperation with Japan's Ministry of Transportation. The sites for food and feed combines were pinpointed from all the waterfront land available by specialists in the Economic Affairs Bureau of the Ministry of Agriculture and Forestry, representatives of industry, and economic planners of prefectural governments all working together.

The next step usually has been to decide which industries should be invited to participate in a new combine. The same group that chose the location makes the selection. The prefectural government then issues invitations to progressive firms in the selected industries to join the combine.

The firms that decide to participate in the new combine form an association and elect a president from among their own officials. For example, the president of the Chiba City Combine Association is also the president of the Chiba Flour Manufacturing Company, currently the largest firm participating in the Chiba City Combine. A primary responsibility of the new association is to mediate labor-management problems and conduct negotiations to prevent any prolonged strike. A strike of the workers of just one firm could result in the shutdown of the entire combine.

Once particular firms have decided to work cooperatively in a combine, both the Ministry of Agriculture and Forestry and the prefectural government involved assist firms in obtaining long-term loans at the most favorable prevailing rates. Most loans to combines have been made by the Japan Development Bank, the Agricultural Finance Bank, and the Cooperative Central Bank.

When the combine begins to install its own physical facilities on the selected site, prefectural specialists and appropriate city planning officials work closely with each other and with the combine to supply adequate fresh water, build roads and railways, and make connections to city electricity and waste-disposal systems.

In the future the mammoth Japanese trading companies are expected to play an increasingly important role in the development of combines. Mitsui and Company, for example, is constructing combines at Nagoya, at Kobe, and at Funabashi in Chiba Prefecture.

Operation of a combine

An example of the 15 combines now in operation or under construction and scattered in various port areas from Hokkaido to Kyushu is the Chiba City food and feed combine. Chiba harbor is one of Japan's most important ports and is only 30 miles from Tokyo. The Chiba combine has as food markets not only Chiba City but also Tokyo—the largest food-consumption center in Japan. Extensive poultry and livestock enterprises in Chiba Prefecture and nearby Ibaragi and Tochigi Prefectures provide handy outlets for the mixed feeds produced in the combine.

The combine has special wharfs or berths that can accommodate bulk-carrier vessels of up to 55,000 metric tons capacity. It also has special automatic unloading equipment that can pneumatically suck grain, oilseeds, sugar, alfalfa pellets, and other raw materials from ships' holds into silos or storage bins at a rate of many thousands of tons per 8-hour day. Commodities can be moved automatically by

conveyor tubes to primary processors and, when processed, to secondary processors or to transport for removal from the combine.

Although the Chiba combine is not yet complete, it already has 15 firms operating in primary and secondary food and feed processing. Two companies are grain storage firms; one mills wheat flour; two mill rice; five produce mixed feeds; one deals in dairy products; another makes bakery goods; still another manufactures salad oil; one produces corn starch; and the fifteenth firm makes artificial meat.

Before the end of 1969 the following firms are expected to join those already in operation: another flour miller, another rice miller, another mixed feed producer, a fruit processor, a confectionery producer, a cold storage firm, a shrimp processor and canner, a sugar refiner, a producer of frozen foods, and a ham-and-sausage maker.

As of January 1969 about 2,500 persons were employed in the Chiba combine. By mid-1972, when a total of 35 plants are expected to be in operation, employment is forecast at over 8,000 persons. Volumes of imported goods are expected to climb also. The Japanese Ministry of Transportation estimates that by 1972 the imported grain arriving at this single combine will be about 880,000 metric tons a year.

Impact of combine efficiency

Food and feed combines are already having a stabilizing effect on some categories of Japanese retail food items. For example, edible oil, instant Chinese noodles, and mayonnaise prices fell slightly from the beginning of 1968 to 1969. Margarine prices held steady, while prices of biscuits and wheat flour increased very slightly. All these products are being processed by the new combines and their price reaction is in contrast with the general 7-percent increase in retail food prices in Japan during 1968.

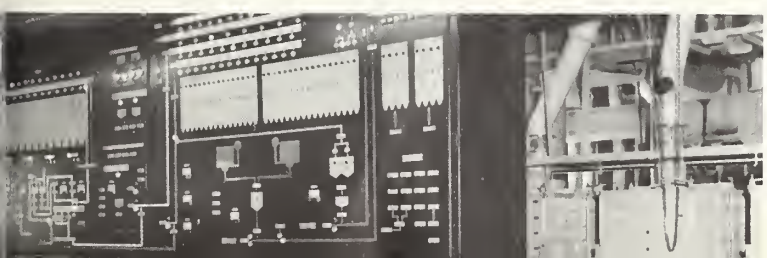
Part of the reason for price decrease or stability of combine-produced foods is the greater volume and efficiency of combine operation during processing. But another part of cost savings occurs before the commodity gets to the processor. Ocean freight and unloading costs for such high-volume imports as soybeans, wheat, corn, and grain sorghum have been cut by about $2 per metric ton by the use of large ships and high-speed, automatic unloading equipment.

Because the prices of foods processed by combines are either stable or decreasing in Japan, Japanese consumers tend to buy more of them rather than other foods that are becoming more expensive. Volume of products handled by combines will tend to increase.

As combine output climbs, so must their imports of raw agricultural materials. The United States is a major supplier at present of soybeans, wheat, corn, grain sorghum, tallow, lard, alfalfa pellets, and other farm goods to Japan. In fact, Japan is the leading foreign market for U.S. farm products and in 1968 absorbed U.S. agricultural exports worth $933 million. Any increase in Japanese agricultural imports will potentially expand markets for U.S. farmers and exporters.

Another effect of the Japanese combines could, however, potentially decrease U.S. exports of processed agricultural items. Japan will soon have a large excess processed food and feed production capacity; domestic prices for some processed foods and feeds will decline. Japanese trading company representatives are already surveying various foreign markets as outlets for processed foods and animal feeds. They are especially interested in Hong Kong, the Philippines, Taiwan, and the Republic of Korea. While Japan's exports of processed foods and feeds are still modest, they have increased sharply in the last few years. Some processed items exported from Japan are competing with U.S. farm products in Asian markets.

The combine movement will certainly have a profound effect on the pattern of food and feed processing within Japan. Large flour mills are moving their operations to coastal areas at a phenomenal rate; small inland mills are either merging with larger mills or going out of business. Japan already has more oilseed crushing capacity than is being used. Yet more large, modern mills are being constructed in almost all of the combines. Many of the old inland oilseed mills will probably be forced out of business when the seaside plants start operating. The feed industry does not yet have a serious excess capacity situation. But upon completion of all the feed plants in combines now under construction or planned, Japan's feed production capacity will be increased from the present 12 million tons a year to about 20 million. Many of the older inland plants will probably be scrapped, and others will be operated below optimum capacity.



Primary and secondary soybean processing. Below, soybean oil extractor; top left, filling tins with oil for restaurant use for tempura; bottom left, control panel for automated mixed feed production.

EC Raises Basic Grain Prices for 1969-70

By DONALD J. NOVOTNY and ARTHUR F. HAUSAMANN
Grain and Feed Division, Foreign Agricultural Service

EC import levies against corn and barley (and possibly grain sorghum) will go up again next August 1 for the third successive year under the common levy system—as a result of a decision setting basic 1969-70 grain prices made on April 22 in Brussels by the Council of Ministers of the European Communities.

The decision, which will make 1969-70 levies of corn and barley about 2.5 percent higher than they were in 1968-69, was several months overdue, since EC regulations require that such prices be set by August 1 of the year preceding harvest. Sharp differences of opinion between the various EC member countries caused the delay.

Key elements of the Council's April decision were (1) a $1-per-metric-ton increase in the threshold prices of corn and barley, and (2) a 50-cent-per-ton increase in the internal intervention (support) price for barley.

The new price decision serves to demonstrate again that the EC's basic policy in grain is to reduce the domestic surplus of wheat and reduce dependence on imports of other grains from non-EC sources. Also, it seems to reflect a certain dependence on grain import levies as a source of revenue for financing the increasingly expensive EC farm policy; for example, the $1 levy increase (resulting from the increase in threshold prices) probably will add another $10 million to total EC grain-levy revenue, which already amounts to about $700 million to $800 million per year. Of most immediate concern to the United States, however, is the fact that the latest price increase is likely to further reduce U.S. access to the EC grain market, especially its growing market for animal feed.

The new, current, and previous year's threshold prices as set by the Council are show below. These threshold prices apply solely at Rotterdam and are the basis for daily calculation of the variable import levies.

Item	Threshold price		
	1967-68	1968-69	1969-70
	Dollars per metric ton	*Dollars per metric ton*	*Dollars per metric ton*
Corn	88.38	92.69	93.69
Barley	89.00	92.19	93.19
Wheat (except Durum)	104.38	104.38	104.38
Grain sorghum	85.44	89.00	(1)

[1] Undecided.

Note: Threshold prices, and hence the resulting levies, rise during the year by monthly storage-carrying charge increments; for wheat, price rises by 95 cents per month beginning in September and ending in June; for other three grains, price rises by 75 cents per month beginning October and ending May.

The absolute effect of the new prices on levies can be shown best by assuming a constant level of world price, since the levies themselves vary with world price—as often as daily if necessary. When this is done it becomes evident that imports of corn and grain sorghum—which until now have provided the greatest overseas market for U.S. producers—have been subjected to a far greater overall degree of discouragement under the EC levy system than other grains.

EC GRAIN IMPORT LEVIES, 1962 TO 1969 [1]

Grain	1962	1963	1964	1965	1966	1967	1968	1969
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*	*Dol. per bu.*	*Dol. per bu.*	*Dol. per bu.*	*Dol. per bu.*	*Dol. per bu.*
Corn:								
Italy	0.16	—	0.05	0.03	0.13	0.77	0.90	0.92
Other EC	.90	.92	1.00	1.07	1.09	1.04	1.15	1.17
Total EC	.60	.66	.71	.73	.83	.92	1.04	1.06
Barley:								
Italy	.15	.06	.14	0	.12	.71	.79	.81
Other EC	1.05	.88	.95	.80	.85	.94	1.01	1.03
Total EC	.74	.76	.78	.79	.82	.83	.90	.92
Milo:								
Total EC	.69	.70	.76	.85	.82	.92	1.01	—
Wheat:								
Total EC	1.39	1.43	1.42	1.44	1.45	1.33	1.33	1.33

[1] Adjusted to reflect world prices constant at the level of October 1968.

Note: Levies shown for "Other EC" and "Total EC" reflect averages weighted according to each member country's proportion of total EC imports.

The significance of the barley support price change for 1969-70 is quite small, as shown by comparison with earlier years:

Grain	Support price		
	1967-68	1968-69	1969-70
	Dollars per bushel	*Dollars per bushel*	*Dollars per bushel*
Corn	1.96	2.01	2.01
Barley	1.67-1.85	1.73-1.92	1.74-1.93
Wheat (except Durum)	2.50-2.69	2.50-2.69	2.50-2.69

Note: Where a range is cited, the lowest level applies to "most surplus" producing areas and the highest to the main deficit areas, such as Duisberg; the rates shown rise by the same monthly increments that apply to threshold prices.

The principal effect of the barley support price increase probably will be felt in Germany, since this is the main area where market prices have tended to rest on intervention price levels. Germany is actually the main deficit area of the EC, but intervention prices have apparently been set high enough to attract grain from surplus areas, such as France, where intervention prices are lower; take-over buying, therefore, seems to have become centered in Germany.

Biggest effect will be on wheat-feedgrain relationship

Apart from simply raising levies and support prices, the chief significance of the EC's latest decision is that it will further reduce the spread between prices of wheat and other grains within the EC. As a result, production of coarse grains probably will be encouraged more than wheat or even at the expense of wheat output, and, in an increased number of localities, wheat will become more attractive as a substitute for other grains in the manufacture of animal feeds.

Although the price relationship differences vary considerably for different points within the EC, the effect of the 1969-70 decision can be illustrated as follows for c.i.f. Rotterdam:

(Continued on page 16)

Kenya Continues To Expand and Upgrade Agriculture

Record coffee and tea harvests are expected to push Kenya's 1968-69 agricultural production 6 percent above the 1967-68 level and about 60 percent above the 1957-59 average. Trade, too, appears destined to improve this year, despite lower prices for tea and some other products. Also showing promising results is the country's drive toward crop diversification, production of more cash crops, and Africanization of farming.

Currently, the agricultural production index for 1968–69 is put at 173 (1957–59=100), compared with 158 in 1967–68 and 157 the year before. Most of the gain is in commercial crops like coffee and tea, while food crops actually show a decline from last season. Grain production will be somewhat below the 1967–68 record. Livestock and dairy production should continue rising at the 1967–68 pace of 2.3 percent yearly. Government action is expected to hold pyrethrum and sisal marketings at or below the 1967–68 levels, while minor crops receiving emphasis—cotton, wattle, pineapple, and passion fruit—should improve on the disappointing harvests of 1967–68.

Contributing to such agricultural gains are improved production practices and added inputs. Hybrid and improved seed, fertilizer, and better farming methods have raised grain production over the past several years. The average for wheat yields in 1967–68/1968–69 is 22 bushels per acre, whereas no previous 2-year average has exceeded 16.7 bushels. Corn yields, too, have expanded sharply—by 64 percent over the 1962–66 average of 25 bushels per acre.

Credit has been expanded, mainly through the Agricultural Finance Corporation, which has loaned money to some 50,000 farmers toward the purchase of better seed, fertilizers, and land and toward permanent improvements. Further enhancing credit was the passage on February 5, 1969, of an Agricultural Finance Bill. This called for the amalgamation of the Agricultural Land Bank and the Agricultural Finance Corporation in a new credit organization.

There is, however, government concern over the high rate of arrears on repayment, which range from 47 percent for agrarian loans to 73 percent for short-term loans to cotton farmers. The Minister of Agriculture alluded to this in his January review of the country's farm situation, as well as to other problems—like losses on marketing of excess corn and wheat—arising from subsidization of agriculture. He also said that future emphasis would be placed on finding high-priced crops that could be exported by air freight and on developing a more efficient, higher yielding livestock industry. (More information will be available on diversification plans once the government publishes, probably in May of this year, its Revised Development Plan for 1969 to 1974.)

Clockwise from left: Embu coffee growers sort out coffee berries before taking them to factory; African farmer picks tea on his holding; taking a rice sample.

Another area of interest—Africanization of Agriculture—is proceeding rapidly. In the highlands, settlement of land formerly owned by non-Africans had increased from 15,682 in 1963–64 to nearly 30,000 by 1966–67. The one-million-acre scheme in the former white highlands is now coming to an end, and an entirely new community has been born here. A cooperative society has been formed and registered in each settlement scheme to assist the settlers in marketing their products. Another 400,000 acres of land is being resettled under other projects.

Kenya's smallholders, including those on settlement

schemes, now own almost 50 percent of total dairy stock, 20 percent of all pigs, and 20 percent of wool sheep.

At $117.6 million, Kenya's agricultural exports during 1968 were up 7 percent from the previous year, and a similar gain is seen for 1969. Shipments of coffee—the No. 1 foreign exchange earner—should at least regain the 1967 level of $44 million after suffering the ill effects of low prices last season. Prices are down, however, for tea, so there will probably be a value drop in this second most important export despite an expected increase in volume. Grains should at least hold at the 1968 level of $14 million, while meat and fibers could show some increases. Pyrethrum exports may fall slightly below the $8.7 million worth shipped out last year.

The country's farm trade has been aided by several developments over the last few years. The first of these was the inauguration in December 1967 of the East African Economic Community (EAC), as formulated in the East African Treaty. Under terms of the agreement, the three countries will have a common external tariff, and there will be few internal tariffs as such. But, depending on the balance of trade, provision is made for a "transfer tax" on manufactured goods originating in a partner state; these taxes reportedly are to protect new industries.

Further enhancing Kenyan exports is a preferential trade agreement, signed July 6, 1968, with the European Community. The agreement is valid until May 1969—at which time it may be extended—and gives import preferences to EAC coffee, canned pineapple, and cloves. A 6-month pineapple quota was set at 4,500 long tons, all of which come from Kenya—the only EAC pineapple producer. Coffee, however, is the big item; elimination of the 9.6-percent EC tariff on it means a potential $3.4-million revenue gain for the EAC. Kenya accounts for 60 percent of such coffee exports, followed by Tanzania with 28 percent and Uganda with 12 percent.

The EAC, in turn, eliminated duties on EC tomato puree, powdered milk, cheese, macaroni, spaghetti, gluten and gluten flower, and olive oil.

—Based on dispatch from WILLIAM L. DAVIS, JR.
U.S. Agricultural Attaché, Nairobi/Kampala

IADB Loans for Latin American Farm Growth

The Inter-American Development Bank has approved loans totaling $38.7 million to help finance agricultural development in Chile, Costa Rica, El Salvador, and Nicaragua.

The loans include one for $20 million to help carry out a farm project that will benefit 29,700 rural families in central Chile. The project calls for the development of 806,000 acres of crop and forage lands, including investments in infrastructure works, farm machinery, and livestock.

This project forms part of Chile's efforts to accelerate the integrated development of its agricultural sector, to which the Bank recently contributed one $10-million loan for a credit program for medium-income farmers and another $2.3 million to control foot-and-mouth disease.

Another $7.5 million will help construct and improve access and farm-to-market roads in agricultural areas of Costa Rica, especially those outside the heavily populated Central Valley. Some 19 two-lane roads with a total length of 213 miles will be built or improved under the program to be financed.

Roads included in the Plan will especially serve potentially productive areas where the land settlement process is sufficiently advanced. These areas, at present devoted mostly to livestock raising and coffee growing, are suitable for the cultivation of grains, fruits, and African palm and the raising of dairy livestock.

A loan of $4 million will help develop and diversify medium-scale agriculture in El Salvador. The credit program is designed primarily to expand farm activities in traditional production lines, replace marginal coffee and cotton areas, develop livestock raising, and improve storage and processing facilities for agricultural products.

The program is designed to raise the nation's farm production and speed up its agricultural diversification. Three-fourths of the nation's acreage is presently being farmed and the remaining portion offers limited farm potential. Thus El Salvador is seeking to put into practice agricultural policies that expand productivity.

Two loans equivalent to a total of $7.2 million will help Nicaragua expand and improve agricultural and livestock production. The loans will help carry out four credit programs designed to increase production and quality of beef cattle; improve efficiency and output of dairy farms serving the capital city, Managua; boost production of forage and dry season feed for beef and dairy cattle; and increase the production of rice under irrigation.

Mexico's Mixed Feed Industry

The surge of recent years in Mexican production of corn and grain sorghum has yet to be fully felt in the country's mixed feed industry, which is making moderate but steady growth.

The industry's 1968-69 production is expected to be a little over 1.8 million metric tons, compared with 1.65 million in 1967-68. This season's rate of growth—about 9 percent—has prevailed for the last 6 years and is expected to continue for the next 5 or more.

Far the largest consumer of Mexican mixed feeds is the poultry industry, which takes around two-thirds of all mixed feeds produced (nearly 50 percent of production goes for general poultry, 17 percent for broilers). The dairy industry receives 22 percent, the hog industry 9 percent, and miscellaneous categories (including beef and horses for show stock and pets) 3 percent.

There is, however, a new source of production, which could expand the mixed feed industry. This is a government company called Alimentos Balanceados de Mexico (ALBAMEX) and headed by an ex-governor of the State of Querétaro. Now reportedly under construction in Mexico City is the company's first plant, which is to have a capacity of 100 metric tons per day and will produce all types of mixed feed. A second plant—with a planned capacity of 2,000 tons per day—is to be built in the State of Michoacán and will produce solely for the swine industry. Another one is reportedly planned for Jalisco State; this is to have a production capacity of 90 tons of feed per hour.

Agriculture Is Still Growing in the EC

By G. ROBERT BUTELL
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The European Community in 1968 continued the agricultural expansion that began around the first of this decade, and chances are good that it will end the decade with a production about the size of 1968's.

The index of farm production in the Community last year reached 131 (1957-59=100), or 3 points above the 1967 level and 13 points over 1966's. Of the six member countries, only Italy had a decline—and this was a moderate one. The biggest EC producer, France, recorded a 4.4-percent increase.

The rising trend in EC production, which began in 1961, has been uninterrupted since 1964, when output held at the 1963 level before beginning to climb again. It has come largely as a result of better and more intensive farming practices—encouraged by protective EC agricultural policies and reflected in steadily expanding yields.

Grains lead crop advance

A record grain harvest in the Community contributed to the increase in 1968 production. The total for grain crops last year was 67 million tons, nearly 3 percent above the 1967 harvest. Much of the expansion came in the corn crop, although wheat output also moved upward. A 3-percent rise in area accounted for some of the production growth; other factors were favorable planting weather and attractive price policies in the Community. The only notable adversity was cool, rainy weather during harvest, which impaired grain quality in several countries, especially West Germany and Italy.

EC production of wheat was nearly 3 percent over the 1967 crop. Italy saw its durum harvest sharply reduced by a lack of rainfall but made up for that decline with gains in soft wheat. Wheat production in France, on the other hand, was up more than 6 percent.

The barley crop was off 3 percent from 1967, but this was still considerably above 1960-64 production. Oats production continued to fall in importance, dropping some 4 percent below the 1967 level.

Largest percentage gain was in the corn crop—up about 12 percent to 9.2 million tons. Contributing to the gain were a 4-percent increase in area, and the late summer rains—which damaged other grains but provided moisture at the critical stage for corn. Thus France, the largest single corn producer, had a crop that was 13 percent above the 1966 high to a new record of 4.9 million tons.

Last year, corn accounted for over 26 percent of all feedgrain produced in the EC. The introduction of hybrid varieties has increased average yields to the point where corn can compete with small grains and other crops for land. Much of this expansion has been on irrigated land, especially in France and Italy. Increases in the use of nonirrigated land have been limited by EC price policy, which tends to give better returns for wheat on such land than for corn. The price disadvantage may be lessened when future prices are set in the Community.

Sugarbeet production in 1968 rose 5 percent, to 51 million tons; an expansion in area was chiefly responsible for the larger crop. Here again, France had a big production gain, which more than offset a smaller crop in Italy.

The Community's potato harvest fell some 7 percent in 1968, with area off about 100,000 acres. Tobacco production was about 9 percent lower, owing mainly to blue mold damage in Italy and a cutback in acreage, and olive oil production fell by nearly one-third as Italy experienced its off year in the biennial cycle for olives.

Most livestock products increase

Except for mutton, lamb, and goat meat, output of the principal livestock products increased last year. Production of beef and veal was more than 4 percent above 1967's with a large part of the increase in France. A sharp gain in West German pork output helped boost Community production of pork by some 7 percent.

Poultry meat production has been trending upward in recent years, reaching 1.4 million tons in 1968 for nearly a 3-percent increase. Egg production rose slightly in 1968.

Production of cow's milk continued the long-term upward trend, rising 2.4 percent to 74.2 million tons. About three-fourths of the gain came in France, where output climbed 5 percent. Production was also higher in West Germany; Italy experienced a 4-percent decline.

Between 1960 and 1967, EC milk production rose 15 percent, even though cow numbers changed only slightly. Higher milk yields, arising from improved breeding and feeding, accounted for the increase.

Domestic consumption of dairy products, however, has not expanded as rapidly as production, resulting in burdensome stocks of butter and nonfat dry milk and in added supplies on a depressed world market. At the end of 1968, government stocks of butter in the EC were estimated at 300,000 tons—equal to one-fifth of production that year. France had the largest absolute increase in butter stocks during 1968, but there were also sizable increases in West Germany and the Netherlands. Stocks of nonfat dry milk in the EC were estimated at about 350,000 tons at the close of the 1968-69 dairy season (March 31, 1969). The European Community, despite its export subsidies, did not effectively

PRODUCTION OF SELECTED AGRICULTURAL PRODUCTS IN THE EUROPEAN COMMUNITY

Product	1960-64	1967	1968 [1]
	1,000	*1,000*	*1,000*
Grain:	*metric tons*	*metric tons*	*metric tons*
Wheat	26,163	31,000	31,912
Rye	4,186	3,926	3,936
Barley	10,812	15,838	15,297
Oats	6,236	6,829	6,462
Corn	6,396	7,735	9,182
Total grain	53,793	65,328	66,789
Potatoes	46,970	42,555	39,704
Sugarbeets	39,851	48,654	51,090
Beef and veal	3,838	4,042	4,212
Pork	4,455	4,640	4,953
Poultry meat	990	1,375	1,412
Cow's milk	67,524	72,410	74,158

[1] Preliminary.

compete in the depressed world market for nonfat dry milk during 1968.

The absence of a guaranteed price for cheese (except for three Italian cheeses) on the newly unified EC milk market has tended to encourage a shift in the use of milk from cheese to butter and nonfat dry milk production.

During 1968, various policy measures were considered in the EC to ease the surplus of milk products. Included among these was the increased use of nonfat dry milk and butterfat in animal feed. Measures to avoid a future stock buildup have been proposed by the Commission; these take the form of a sharp reduction in the support price for butter, steps to reduce the number of milk cows, and a tax on oilcake and meal (which would increase the cost of dairy feed).

Another good year expected

The European Community's production this year promises to again be large.

One reason for this outlook is the progress being made in grains. The EC acreage planted to spring grains in 1969 probably compared favorably with 1968 area, and yields should continue moving upward. In France winter grain was protected by a snow cover and is in good condition. In Italy a large corn crop seems likely to result from an expected area increase and greater fertilizer use—an expansion prompted by favorable prices. In West Germany, nearly all major grain-producing areas are expected to expand output again, while in the Netherlands winter grain area was about the same as a year ago, and winterkill was practically nonexistent.

Prospects of another bumper crop, however, complicate the trade situation.

Within the EC, there is growing concern about already-large grain stocks and the lack of storage facilities. Since prospects through July for EC grain exports are dim, more effort may be made to increase consumption of grains at home. The denaturization premium for locally-produced milling wheat was increased by more than $2 per ton on April 1, 1969; this will encourage substitution of wheat for corn in mixed feeds.

For exporters of feedgrain to the EC, the outlook is equally bleak. The cyclical tendency of livestock output to level off should prevent any significant increase in total feedgrain requirements during 1969-70. And France continues to be especially active in both the EC's corn and barley markets.

Imports of oilseeds and oilseed products by the European Community are likely to continue at a high level in 1969, but no large increase is expected. The demand for protein supplements is expected to grow only slightly, if at all, in 1969. Vegetable oil supplies have increased in some countries, and competition from other oilseeds is increasing in the EC market for U.S. soybeans.

There will be some increase in Community production of milk and poultry meat in 1969. Butter stocks are expected to rise further despite measures to reduce them.

New Pyrethrin Source

British scientists have developed and patented a synthetic pyrethrum, whose end-product pyrethrin has rapid insect "knockdown," more powerful than its natural counterpart, and low toxicity to animals.

Kenya, the world's largest producer of pyrethrum flowers has over the years expanded production at considerable expense on a smallholder basis, which now accounts for about 86 percent of the crop. The government has reacted to the threat from synthetics by altering its subsidy policy so as to encourage production of higher-yielding plants. A new scheme is to be put into effect with a bonus for high-content flowers of over 2.2 percent pyrethrins, and a penalty for flowers containing less than 1.3 percent pyrethrins.

Although seeds of new high-yielding varieties are being distributed to farmers, the lower-cost synthetic is expected to capture a large share of the world market. Several big producers have already begun to shift to other cash crops in anticipation of lower sales.

The United States is the largest pyrethrum user, with imports of $7.2 million worth last year. Kenya was the largest supplier, followed by Tanzania and Ecuador.

Soviets Raise Raw Cotton Prices

To put incentive in its plans to increase cotton production from just under 6 million metric tons of seed cotton a year to about 7 million tons, the USSR has jumped its official payments for procurements of raw cotton by 15 percent.

Since all cotton grown in the USSR is purchased by the government, the price increase will undoubtedly be an effective production stimulus, as previous price raises have been in the past. For example, the 40-percent increase in production from 1963 to 1965, when cotton output reached its present level, was accompanied by a price hike of 20 percent.

New Canadian Quarantine Station

Canada's Department of Agriculture has signed an agreement with France to establish a new livestock quarantine station on the French-owned St. Pierre Island, which is located south of Newfoundland in the Gulf of St. Lawrence. This agreement was signed to accommodate the expanding demand for imported breeding cattle and to relieve the overcrowded conditions at the Grosse Ile station.

The new station is scheduled to be constructed this year or early next year. It will be built and maintained by France, but Canada will provide the technicians and administration personnel who deal with animal health. The St. Pierre station will have quarantine regulations identical to those in effect at Grosse Ile, Canada.

Grosse Ile station— which handles 240 head of cattle when used to full capacity—is located about 40 miles east of Quebec City in the St. Lawrence River. The new station will be slightly smaller in size and will handle about 200 head. As provided under the Canadian Animal Contagious Disease Act, any country will be permitted to use this station; however, for the immediate future, most of the cattle are expected to come from France, Switzerland, and the United States. The United States exported 42.9 percent of Canada's total cattle imports for 1967. This figure dropped to 20.5 percent in 1968.

Demands for service by shippers have been very heavy on the Grosse Ile station during the past several years, especially in 1967 when U.S. exports to Canada were high. Also, the demand for import permits was greater than the space available for quarantine at that time.

The St. Pierre station will maintain about the same charge schedules as those now in effect at Grosse Ile. The station will also enforce the strict quarantine necessary to prevent diseases now in existence in Europe, from spreading to Canada.

Tunisians break soil for planting a windbreak. Cooperative farming—which pools resources to increase efficiency—now predominates in Tunisia's agricultural economy.

Cooperatives Hold Promise for Tunisian Agriculture

Agriculture has not fared well for the past few years in Tunisia, the vertical wedge of land between Algeria and Libya on the north coast of Africa. Crop output has fallen to droughts and untimely rains, and production efficiency has suffered from the effects of massive shifts in land tenure systems and farm reorganization. The Tunisians are making progress nonetheless, banking much of their agriculture's future in a broad, ambitious program of cooperatives.

The impetus to make production cooperatives the principal agricultural institution in the country has come from the state. It has been accelerated by the takeover of land held by the French before 1956 independence and the need to modernize agriculture. Unlike the agrarian reforms of many other countries, former French holdings have not been subdivided. They have instead become the nuclei for the production cooperatives, which are farmed, owned, and managed collectively by the worker members.

Most of the 1.5 million acres or more of formerly colon (French) lands, plus public Habous (religious trust) land, and other unused property which the state has taken over since 1956 has now been converted into cooperatives. A September 1968 count found 1,035 cooperative units on about 4.4 million acres.

Pooling private and state resources

Production unit cooperatives—the most important feature of the reorganization—predominate in the north where the original colon units form centers. In some cases nearby smallholdings were attached to an ex-colon unit or were joined together as a production unit. This new larger cooperative is owned and operated by its members, who elect a board of three directors and nominate a technical agent for liaison with the regional cooperative administration and government officials. Working capital consists of members' contributions of land, equipment, and livestock plus state-owned equipment which is allocated to the cooperative after a period of 5 years. Production units often already have the necessary basic equipment, although some may pool or exchange large machinery or draw on service groups. Regional offices help with accounting, crop insurance, agricultural credit, marketing, and the like.

On the approval of directors, landless workers can acquire shares in a cooperative by making payments over a period of 25 years and individuals may leave by selling shares. Remuneration to members is first a fixed wage for days worked, then a part of the profit according to each capital share, and finally a bonus when production permits.

Mixed farming cooperatives (crops and livestock) are more prevalent in the central and southern parts of Tunisia. Livestock cooperatives have been organized mainly in the south by grouping some of the herders in collective grazing areas. Service cooperatives also in the south and central areas bring together producers of specialized products such as fruit, wine, olives, and vegetables. The farmers continue to own and manage their land but together seek solutions to common problems such as marketing and procurement of supplies.

Cooperative organization has now been extended to perhaps one-third of Tunisia's farm sector and has taken in most of the best farmland. There is still some question as to whether this pattern of cooperative organization will ultimately be extended to virtually all of Tunisia's agriculture.

Tunisian Government control has already replaced foreign interests (and to some extent Tunisian private capital) in major industries, utilities, and transportation. Cooperative structures have also affected marketing, processing, and distribution systems, reportedly to allow greater control of imports, better maintenance of domestic supplies, effective price regulation, and to curtail speculation. For exports, the government hopes that centralized sales will improve the country's bargaining position.

Cooperation at retail level

Efforts are also underway to organize a major part of Tunisia's retail distribution. Rural souks, traditional marketplaces for bartering goods, have largely given way to groups of private distributors or to municipal cooperatives regulated by the Union Regional de Cooperatives. They are expected to provide more effective price control and hold down living costs. The main effort now appears to be directed toward eliminating small inefficient traders by encouraging them to join an association where supervision is possible.

—Based on dispatch from PAUL FERREE
U.S. Agricultural Attaché, Rabat

Little Change for Agriculture in Ireland's New Plan

Farmers in Ireland will find little to be enthusiastic about in the government's new development program for 1969-72. The details, facts, and figures that fill the 43-page agricultural section of the recently published Third Program for Economic and Social Development relate mostly to the past. The retarding force of market uncertainty and past experiences have compelled the government to draft a rather conservative program for agriculture.

The new program envisages an annual 4-percent growth in the country's gross national product and an overall increase of 16,000 in employment. As part of its market projections, the plan contains the first official recognition that Ireland will not be a member of the EC at least before 1972.

Progress since first plan

Ireland's first development program—for 1959-63—was a considerable success. The second—a much more detailed and ambitious document for 1964-70—was abandoned some time ago after repeated failures in meeting interim targets. Agriculture was one of the areas of failure, the milk production target being the only one that proved realistic. Nevertheless, Ireland's GNP has grown nearly 4 percent annually since the first program was published.

Agricultural growth over the past 10 years has been only about 1 percent annually. Impressive increases in cattle and milk production were largely offset by an increase in the use of farm inputs, mainly feed and fertilizer. State support to agriculture has increased from the equivalent of US$93.6 million in 1958-59 to $189.6 million in 1968-69; at the same time the farm labor force has been dropping about 9,000 a year.

Yet *average* farm incomes are no better today relative to the rest of the community than they were 10 years ago. It is necessary to emphasize "average" because there are two types of Irish farmers. There are the progressive, or commercial, farmers who have been doing quite well under existing policy and the subsistence farmers who for some reason or another have not been progressing. It is the performance of the latter group that gives rise to the disappointing average statistics.

Any program for development makes sense only in the context of reasonable assumptions about market prospects. The Second Program was drafted on the assumptions of greater access to the British market than materialized and of entry into the EC before 1970—unrealistic assumptions that led to the unrealistic growth target of 3.8 percent.

The prospect of EC membership has now receded and with it the bright future that an enlarged EC would have offered for Irish farm products, especially cattle. Furthermore, the market leeway afforded by the Anglo-Irish Free Trade Area Agreement has not been as great as hoped for.

No specific targets

Although it envisages an annual 1.75-percent growth in agricultural production, the Third Program sets no specific targets. Instead, only broad outlines are given, suggesting that growth areas are most likely to be cattle, milk, hogs, sheep, barley, and horticultural crops. However, more emphasis is put on cattle and less on milk than in previous policy statements.

Export markets will have to be found for almost all the increased production. The plan's statement that this increased production should take place "without unduly large additional costs to the Exchequer" indicates evidence of the abating of state support. The program stresses the need for better organized and better balanced international markets for farm produce but claims that the Anglo-Irish Free Trade Area Agreement is satisfactory.

Dealing with farm incomes and their "inherent tendency to lag behind those of other sectors," the plan states that it is government policy to take all practicable measures to counteract this lag. To this end the government will continue the general policy of price supports and production aids. However, present price supports, as the program sees them, favor those who produce most. This, it is felt, is not completely desirable when it is government policy "to maintain and strengthen the traditional family farm." Therefore, according to the plan, it may be necessary to introduce "a greater measure of selectivity" in price supports.

The idea of introducing a greater measure of selectivity into price supports is in effect a proposed redistribution of state support away from the large-volume producer towards his smaller counterpart.

However, according to the plan, the government "cannot be expected to compensate farmers whose low incomes are attributable to inefficiency," and it suggests the only long-term solution to the problems of these farmers lies in rural employment outside farming. The farming labor force is expected to decline at the rate of 9,000 a year. Total Exchequer support to agriculture at the end of the program is expected to exceed $240 million.

The program envisages improved agricultural colleges by 1972 and training centers throughout the country for those who cannot attend colleges. It is planned to continue agricultural research along its present lines. Increased use of farm credit is hoped for by a proposed reduction in the interest rates.

Only one page of the agricultural section deals with cooperatives; the program stresses the need to broaden cooperation beyond the dairy industry and expand membership.

All in all, the Third Program has very little that's new. Its most frequently recurring statement is that the government will continue the operation of a scheme already in existence. Sooner or later a reappraisal of present policy must come, but an election year is not the time to expect such a reappraisal in the politically sensitive agricultural area.

Farmer reaction to the program

The two leading farmer organizations — the National Farmers' Association and the Irish Creamery Milk Suppliers' Association—have commented on the program.

NFA described it as "totally inadequate" in that it lacks detailed facts and figures about the future of Irish farmers. ICMSA was not too happy with the program but agreed with the policy of retaining the traditional family farm.

Ireland's leading farm paper, the *Irish Farmers' Journal*, called it "a dismal document—a plan without faith or hope."

—Based on dispatch from EUGENE T. RANSOM
U.S. Agricultural Attaché, Dublin

Food Executives From 21 Countries To Attend Buyers' Conference

Top executives and buyers from major supermarkets and other food importers and distributors in 21 foreign countries will converge in Atlantic City, N.J., May 11-14 along with thousands of their American counterparts for what will probably be the biggest food industry meeting and exposition in the world.

Forums for these events will be the 32d Annual Convention and Educational Exposition of the Super Market Institute (SMI)—international organization of the grocery trade—and the Overseas Executive Food Buyers' Conference, which will be sponsored by the Foreign Agricultural Service as part of the SMI convention.

The foreign visitors will be among the busiest in the famed resort city, shuttling back and forth between SMI workshops and exhibitions at the Convention Hall and conference headquarters a few blocks down the Boardwalk. Their primary aim will be to gather ideas on supermarket operations and to inspect and inquire about the wide variety of food products and equipment available from firms exhibiting at the convention. Following the convention and conference, they will have the option of touring firms in the United States before returning home.

The conference

The Overseas Executive Food Buyers' Conference will facilitate meetings and trade discussions between U.S. suppliers and foreign food industry representatives within the context of the SMI convention. It will also give FAS an opportunity to evaluate foreign interest in U.S. foods with an eye toward future market development programs, including participation in overseas trade fairs. This information will be made available to the U.S. food industry.

In arrangements for the conference, FAS is being assisted by SMI, a group of about 10 U.S. domestic and international airlines, and one of the United States biggest containership companies.

At conference headquarters, meeting rooms will be available where U.S. and foreign tradesmen can talk business away from the bustle of the Convention Hall. At the Convention Hall, SMI is providing an information area for FAS in the main entrance lobby. A limited number of interpreters will be on hand to assist with translation. Along with FAS personnel, interpreters will include airline stewardesses.

The airlines and the containership company have each planned a program on shipping via their respective modes of transportation. The airline program will focus on chilled meats and fresh produce, two U.S. commodities in which foreign stores and institutions, primarily in Western Europe, have been showing increasing interest. The program on containerization will stress the efficiency and convenience of this growing means of shipping farm commodities overseas.

Personnel from FAS and all the firms represented at the conference and the SMI convention will assist foreign visitors in making arrangements to tour retailing companies, food manufacturers' plants, and transportation facilities in the United States.

SMI, the convention

SMI is the world's leading supermarket organization, claiming membership of over 800 firms with more than 20,000 supermarkets in the United States and abroad. To qualify for membership, a firm's stores must each gross $1 million in annual sales. SMI members' stores gross an average of $2 million annually, and some gross as much as $15 million.

The Institute's convention will feature 21 workshops May 12-14, seven each day, all of which will be open to the foreign visitors. Topics will include management, operations, personnel, merchandising, produce and frozen foods, and meat. In all, 77 SMI members—all with high rank in their individual firms—will lead the workshop sessions as chairmen, discussion leaders, or speakers; two-thirds of them are retailers.

In addition to the workshops, the Convention Hall will house two floors of exhibition space where nearly 500 exhibitors will show food and equipment. The exposition will include the largest variety of U.S. branded foods ever assembled in one place.

A highlight of the exposition will be massive sampling of foods ranging from appetizers to desserts. SMI has promoted this unusual amount of sampling to encourage conventioners to "dine on the floor" instead of taking time out for lunch. No luncheon sessions have been scheduled, and exhibit areas will open at 12 o'clock noon during the 4 days of the convention.

More than 100 food producers are cooperating in this sampling enterprise, many of them with new products that may prove to be salable to foreign buyers.

Below top, Atlantic City Mayor Richard S. Jackson (l.) and Convention Bureau Manager Wayne Stetson paste up welcome sign in anticipation of SMI; bottom, Convention Hall and famous Boardwalk.

U.S. Foods in Swedish Chain

It was America Week in Sweden's FAVOR supermarket chain March 13-22. Pictured here are some of the inside and outside advertising materials and inquisitive Swedish shoppers who asked about and purchased the U.S. food on display.

Maid of Cotton on Promotion Tour

The U.S. cotton industry's fashion and goodwill ambassadress for 1969, Cathy Muirhead, right, is on a cross-country visit to 28 U.S. cities promoting American cotton. Her worldwide promotion tour began in Canada in January and will include visits to Tokyo, Seoul, Hong Kong, Bangkok, Bombay, and Singapore.

The Maid of Cotton—outfitted in cotton fashions created by some of America's leading designers—is chosen annually to model in fashion shows, appear on television and radio, and take part in numerous civic activities. The National Cotton Council of America, the Cotton Exchanges of New York and Memphis, and the Memphis Cotton Carnival Association sponsor the Maid's selection and tour.

Tempo-Aahlens Sales

The February promotion of U.S. foods by Sweden's Tempo-Aahléns stores (see *Foreign Agriculture*, Mar. 31) paid off handsomely. Final sales figures show $345,849 for the 10-day period—nearly 90 percent of the month's total and close to triple the November-January average.

Biggest sales category was fresh produce, for a total of $109,655. This included the top single item, apples, as well as pears, cherry tomatoes, beefsteak tomatoes, lettuce, green peppers, and radishes. Canned fruit (pineapple, peaches, fruit cocktail) added up to $60,448; dried fruit (raisins and prunes), to $24,049; canned vegetables (corn and asparagus), to $19,974.

Important singles were frozen salmon, orange juice, and beef liver.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, in the Netherlands, with comparison to one week earlier and one year ago, are as follows:

Item	April 22	Change from last week	A year ago
	Dol.	*Cents*	*Dol.*
Wheat:	*per bu.*	*per bu.*	*per bu.*
Canadian No. 2 Manitoba ...	1.94	0	2.02
USSR SKS-14	1.84	−3	1.92
Australia Prime Hard	1.86	0	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	1.89	+1	1.88
15 percent	1.91	+1	1.96
U.S. No. 2 Hard Winter 14 percent	1.86	−1	1.80
Argentine	1.80	0	1.88
U.S. No. 2 Soft Red Winter ..	1.68	−1	1.60
Feedgrains:			
U.S. No. 3 Yellow corn	1.40	0	1.33
Argentine Plate corn	1.43	+2	1.42
U.S. No. 2 sorghum	1.33	+2	1.42
Argentine-Granifero	1.20	+2	1.30

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.
[1] Not quoted.

Record Iranian Cotton Production

Cotton production in Iran is placed at a record of 665,000 bales (480 lb. net) in 1968-69 (August-July), compared with 528,000 bales a year earlier and the 1960-64 average of 494,000 bales. Output in 1968-69 compares with the 1965-66 record of 645,000 bales. The increase in production is primarily due to an increase in area, especially the Caspian Coast region where wheat land was diverted to cotton. Area devoted to cotton is estimated at 890,000 acres, up sharply from the 717,000 acres harvested in 1967-68. The 1968-69 cotton acreage compares with the 1962-63 high of 1 million acres and the 1960-64 average of 943,000 acres. As an incentive to increase cotton production, the Ministry of Agriculture in early 1969 allocated an additional 173,000 acres to cotton in northern Iran including the Caspian Coast region. Also, due to recent heavy and prolonged rains in this area, farmers were unable to plant wheat. The Ministry of Agriculture controls acreage and region for cotton cultivation to insure more effective control of insects, especially the spiney bollworm.

Exports are estimated at 425,000 bales in 1968-69, up from 299,000 a year earlier. Cotton shipments during the first 5 months of 1968-69 totaled 54,000 bales. Russia, the United Kingdom, Czechoslovakia, Poland, Romania, the Netherlands, and West Germany are destinations for most of Iran's cotton.

Consumption is expected to about equal the 230,000-bale offtake of 1967-68. The textile industry continues to expand its use of synthetic fibers.

Iranian cotton of quality SM 1-1/16 inches during early March was offered in Liverpool at around 30 U.S. cents per pound. Late March and April prices were not quoted.

Sisal and Henequen Export Quotas

The global export quota for 1969 on sisal and henequen fiber and manufactures has been reduced from 640,000 metric tons to 581,000 metric tons. The action was taken by representatives of major producing countries at the April 14-18 meeting of the FAO Hard Fiber Study Group in Rome. The reduction in export quotas is intended to raise world prices about 16 percent during the year. Minimum export prices, as well as differentials between prices of major exporters, were also adopted. These measures were part of the "informal arrangement" launched by the Study Group in late 1967.

Bad Weather Cuts Raisin Outlook

Frost in Turkey and rain in Australia and South Africa have dampened 1969 raisin crop prospects. Heavy rains and humid conditions prevailed in Australia during most of February and March causing losses of fruit on the vine and mold damage on the drying racks. Reports indicate the 1969 pack will not exceed 28,000 short tons of sultanas, about 6,700 tons of lexia raisins and 7,300 tons of currants. Production totaled 74,600 tons, 6,800 tons and 9,000 tons respectively in 1968. The South African raisin crop was severely damaged by heavy rain and hail along the Orange River during mid-March. Reports indicate weather affected quality much more substantially than quantity.

Estimates of 20 to 50 percent on frost damage were reported in the Aegean area of Turkey on the night of April 10. Some industry sources are currently forecasting a maximum 1969 Turkish crop of 83,000 tons, but actual production will depend, to a large extent, on growing conditions during the remainder of the season. TARIS (Union of producers cooperatives) is reported to be holding a substantial quantity of No. 7 grade 1968 crop sultanas.

Netherlands, West German Cocoa Grind

Cocoa bean grindings by the Netherlands during the first quarter of 1969 totaled 29,140 metric tons, up to 2.1 percent over 1968 first quarter grind of 28,530 tons. Although a slight increase was recorded, it is still anticipated that 1969 annual grind will fall under the 1968 level of 111,580 tons because of high cocoa bean prices and short supplies. Netherlands grind during March was 9,530 tons, off 10 percent from the similar 1968 month.

West Germany's cocoa grind for the first quarter amounted to 35,329 tons, down 2.6 percent from the corresponding 1968 period.

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EC Grain Price Change

(Continued from page 6)

Item	1967-68	1968-69	1969-70
	Dollars per metric ton	*Dollars per metric ton*	*Dollars per metric ton*
Wheat over corn, difference in price	16.00	11.69	10.69
Basic wheat feed-use subsidy [1]	11.65	[2] 12.77	[3] 12.77
Feed wheat, premium above corn	+4.35	−1.08	−2.08

[1] Not including additional subsidies given to cover actual cost of approved processes for rendering unfit for human use; the basic subsidy also increases during the year to offset the higher monthly storage carrying charge increments applied to wheat. [2] Was $2 lower until April 1, 1969. [3] The official rate for 1969-70 is undecided as yet; this rate assumes it will remain unchanged from 1968-69.

Data are not yet available to show the effect of even the 1968-69 wheat-corn price relationships, but it appears likely that total feed use of wheat in the EC, which was 5.5 million tons and accounted for 13 percent of all grain fed in 1966-67, will probably exceed 7 million tons for 16 to 17 percent of all grain fed during the current year (1968-69).

Impact on EC grain production pattern

The impact of these grain price changes on the pattern of EC grain production already is indicated by what has happened this year and last year in response to earlier and similar price actions. With feedgrain prices being raised more than wheat prices, both acreage and yields of feedgrains appear to have increased in response; feedgrain import needs, which represent most of the U.S. grain trade interest, have been cut, or at least have not been expanded in line with previous market growth.

PLACE OF WHEAT IN EC GRAIN PRODUCTION

Item	Area planted			Average yield		
	1964-66 average	1967	1968	1964-66 average	1967	1968
	Million acres	*Million acres*	*Million acres*	*Bushels per acre*	*Bushels per acre*	*Bushels per acre*
Wheat	25.8	24.0	25.3	1.09	1.30	1.27
Other grains ..	26.5	27.3	27.0	1.16	1.33	1.38
All grains ..	52.3	51.3	52.3	1.13	1.31	1.33
Wheat, as	*Percent*	*Percent*	*Percent*			
share of total	49.3	46.8	48.4	—	—	—

The effects of continuing EC changes of grain-price relationships on production patterns and feed use of wheat, together with the effect of the EC's overall "high price" policy toward grain, are clearly acting to alter the volume, pattern, and growth rate of the Common Market's grain trade with the outside world. Corn and grain sorghum use—and imports—are being affected the most adversely.

EC GRAIN PRODUCTION AND USE AND FEEDGRAIN IMPORTS

Year ending June 30	All grains			Corn and grain sorghum imports from nonmember countries	
	Production	Consumption	Deficit	From all nonmembers	From United States
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*
1956-58 average	48.5	57.2	8.7	3.1	1.3
1959-62 average	51.2	61.8	10.0	5.8	2.9
1963-67 average	58.4	68.4	10.0	10.7	6.1
1968 (estimated) ...	68.2	74.3	6.1	11.0	6.0
1969 (estimated) ...	69.2	75.6	6.4	9.8	5.0

Effects of the latest changes will not become entirely clear for at least another 18 to 24 months when final results of the 1969-70 year become available. The latest decision comes too late to affect the 1969 crop plantings; thus, if any shift between area planted to wheat or other grains is to result, it also will not be apparent until over a year from now.

Shortage of Argentine Hatching Eggs

The Argentine poultry industry suffered larger than normal losses in 1968 because of extended hot summer weather and serious disease problems. The toll was especially heavy in the breeding flocks. Broiler and egg production still expanded in 1968 and is expected to increase again in 1969, but the number of eggs available for hatching has been reduced. This reduction will limit the rate of increase in broiler and layer numbers in 1969. Due to the shortage of domestically produced hatching eggs, there likely will be larger imports of hatching eggs in 1969. The United States and Canada were the largest suppliers of hatching eggs to Argentina in 1968.

Correction: Issue of April 7, 1969, page 6, line 52 should read ". . . for a total of $5.81 per 20 pounds."

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